

**CALIFORNIA GAMBLING CONTROL COMMISSION**

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DATE: April 28, 2004

TO: Gambling Control Commission

FROM: Gary Qualset, Deputy Director  
Licensing and Compliance Division

SUBJECT: Revenue Sharing Trust Fund Report of Distribution of Funds to Non-Compact Tribes for the Quarter Ended March 31, 2004

**ISSUE:** *Can the Gambling Control Commission (Commission) make a current quarterly distribution from the Indian Gaming Revenue Sharing Trust Fund (IGRSTF) to each eligible Non-Compact Tribe for the quarter ended March 31, 2004?*

The Commission, as administrator for the IGRSTF, is required to make distributions from the IGRSTF in accordance with the Tribal-State Gaming Compacts (Compacts) sections 4.3.2.1 (a) and (b).

The IGRSTF serves as the depository for payments made by Tribes that acquire and maintain gaming device licenses and interest income earned by the IGRSTF. The process for allocating licenses and the awarding thereof by the administrator is outlined in Section 4.3.2.2. This Section also specifies the amounts that shall be paid for license fees.

To date, the Commission has approved the distribution of approximately \$100.84 million in license fees, payments, and interest income from the IGRSTF covering fourteen fiscal quarters from July 1, 2000 through December 31, 2003. The current distribution being proposed will make a distribution of the actual amount of license fees received and any interest income that may have been deposited in the IGRSTF for the quarter ended March 31, 2004, leaving an undistributed balance of license fees, payments received, and interest income in the IGRSTF as of that date of less than \$1.00.

As shown in Exhibit 1, all eligible tribes will be receiving \$118,318.37 for this distribution. Total license fees of approximately \$8.22 million and interest earned of \$71,763.55 for the semi-annual period ended December 31, 2003 and deposited in January 2004 into the IGRSTF for the quarter ended March 31, 2004 amounted to approximately \$8.30 million. A portion of the interest earned is allocated to previously approved distributions held in abeyance in the IGRSTF on behalf of two (2) tribes in the amount of \$18,619.25, therefore reducing the amount of funds available for distribution to \$8.28 million. Approved distributions are held if there is a tribal leadership dispute decision on appeal with the federal government. Any undisbursed principal and interest that is held pending distribution will be disbursed upon final resolution of the tribal leadership dispute. The remaining receipts are equally distributed to seventy tribes (70) listed in Exhibit 1 as eligible Non-Compact recipient tribes (pending receipt of outstanding eligibility certification forms, if any). Thus, the equal share distribution amount per tribe for this quarter is as noted above.

The Commission was not able to disburse IGRSTF funds to the Pinoleville Rancheria in the past, due to a Tribal leadership recognition dispute that was pending appeal resolution by the federal government. The dispute has been resolved and all withheld funds and accrued interest through

December 31, 2003 has been distributed in the amount of \$1,511,758.10 to the Pinoleville Rancheria (see footnote 1 on Exhibit 2).

At the end of the calendar quarter for distribution and as of the close of business on March 31, 2004, the amount of outstanding license fee payments due into the IGRSTF was approximately \$3.02 million. If the total license fee payments due at the end of this quarter had been paid into the IGRSTF, recipient tribes would have received \$43,261.30 in additional moneys along with this quarter's distribution. The Commission makes quarterly distributions on a cash basis based on the amount of available funds in the IGRSTF for each quarter. Total outstanding and due license fee payments for the quarter ended March 31, 2004 are summarized in Table 1 below:

<b>Table 1</b>		
<b>Indian Gaming Revenue Sharing Trust Fund License Fee Payment Aging Schedule as of March 31, 2004</b>		
<b>Quarter(s) in Arrears</b>	<b>Number of Tribes</b>	<b>Amount of License Fees Due</b>
Less than 1	3	\$547,415.90
1	8	2,480,875.00
<b>Totals</b>	<b>11</b>	<b>\$3,028,290.90</b>

Compact Section 4.3.2.3 provides that a tribe shall not conduct any gaming activity authorized by the Compact if the tribe is more than two quarterly contributions in arrears in its license fee payments into the IGRSTF. The Commission, as administrator, sends out quarterly invoices for the payment of license fees near the beginning of each quarter. Additionally, the Commission follows standard collection practices, which includes noticing those of past due amounts, and has initiating procedures if action is needed under the provisions of Compact Section 4.3.2.3 noted above.

The distribution amounts for each tribe that are presented in the attached report are subject to audit and subsequent verification of eligibility by the Commission. In accordance with the Commission's methodology for determining a Non-Compact Tribe, it is also being recommended that this distribution be on a conditional basis pending receipt of certification of the maximum number of gaming devices operated during the quarter by each tribe that is required to submit a completed certification form. Tribes that are required to complete the certification form are those tribes that entered into Compacts with the State of California and have operated less than three hundred-fifty gaming devices during the entire quarter for this distribution.

Pursuant to Item 0855-101-0366 of the Budget Act of 2003, \$46 million was appropriated for distribution to Non-Compact tribes. Per Provision 3 of Item 0855-101-0366, the following items are requested according to control language as part of any request to augment Item 0855-101-0366. Although no augmentation is being requested with this distribution, we are submitting the following report information voluntarily.

## **1. The Methodology for Determining a Non-Compact Tribe**

Per Section 4.3.2(a)(i) of the Compact, the term "Compact Tribe" and "Non-Compact Tribe" is defined as:

A "Compact Tribe" is a tribe having a compact with the State that authorizes the Gaming Activities authorized by this Compact. Federally-recognized tribes that are operating fewer than 350 Gaming Devices are "Non-Compact Tribes." Non-Compact Tribes shall be deemed third party beneficiaries of this and other compacts identical in all material respects. A Compact Tribe that becomes a Non-Compact Tribe may not thereafter return to the status of a Compact Tribe for a period of two years becoming a Non-Compact Tribe (sic).

For this distribution from the IGRSTF, the Commission used the following procedures as the methodology for determining if a tribe is a Non-Compact Tribe:

- A. Identify all tribes in the State of California that are Federally-recognized based on information obtained from the U. S. Department of Interior, Bureau of Indian Affairs, and a legal opinion received from the State Attorney General's Office.
- B. Request that each Non-Compact Tribe that entered into Compacts with the State that is to receive a distribution certify the maximum number of gaming devices operated during the quarter by completing and filing a Tribal-State Compact Gaming Device Certification Form (CGCC-C2003.03). Receive this form from each eligible tribe in accordance with the streamlined verification procedure implemented by the Commission. This form was mailed to Tribes for completion and filing and is also available on the Commission's website at [www.cgcc.ca.gov](http://www.cgcc.ca.gov).
- C. Classify all tribes identified in step A based on the information obtained in step B as either: 1) Compact Tribes operating 350 or more gaming devices, 2) Non-Compact Tribes as defined by the Compact, or 3) non-compacted gaming tribes.
- D. Classify all Non-Compact Tribes identified in part 2) of step C as eligible Non-Compact non-gaming tribes and Non-Compact gaming tribes that have submitted the requested certification form to the Commission if required.
- E. Prepare a list of Non-Compact Tribes based on the most recent information reported to the Commission.

## **2. A list of the Non-Compact Tribes Identified Based on the Commission's Methodology**

A list of all Non-Compact Tribes as identified by the methodology identified in item 1 above is attached as Exhibit 1.

## **3. A Fund Condition Report Including the Amount of Revenue Received From Each Compact Tribe**

A fund condition statement for the IGRSTF through March 31, 2004, for the fiscal year 2003-04 is attached as Exhibit 2. A listing of the amount of revenue from each Compact Tribe received by the Commission is attached as Exhibit 3.

#### **4. The Amount of Funds to be Distributed to Each Non-Compact Tribe**

The amount of funds to be distributed to each Non-Compact Tribe is listed in Exhibit 1 that is attached. The recommended distribution to each tribe listed in Exhibit 1 is subject to verification of eligibility and receipt of a Tribal-State Compact Gaming Device Certification Form (CGCC-C2003.03) if required.

**RECOMMENDATION:** *It is recommended that:*

*1) the Commission approve distribution of the current full quarterly amount of approximately \$8.28 million of all payments made by tribes and any interest income received by the IGRSTF during the most recent quarter ended March 31, 2004, to the listed tribes that are determined to be eligible Non-Compact Tribes in accordance with the Commission's identified methodology for determining a Non-Compact Tribe as shown in Exhibit 1 attached to this report, and any interest accrued for previously approved distributions held in abeyance in the IGRSTF but not immediately disbursed, and*

*2) approval of distributions shall be made on a conditional basis subject to receipt of any required eligibility certification of the maximum number of gaming devices operated during the quarter by each tribe that is required to submit a completed certification form.*

**Exhibit 1****Non-Compact Tribes Eligible to Receive a Distribution from the IGRSTF (Based on the Commission's Methodology) and the Amount of Funds Recommended for Distribution**

<b>Non-Compact Indian Tribe</b>	<b>Amount of Funds Recommended to be Distributed</b>
Alturas Indian Rancheria	\$118,318.37
Bear River Band of the Rohnerville Rancheria	118,318.37
Benton Paiute Reservation	118,318.37
Big Lagoon Rancheria	118,318.37
Big Pine Reservation	118,318.37
Big Sandy Rancheria	118,318.37
Bridgeport Paiute Indian Colony	118,318.37
Buena Vista Rancheria	118,318.37
Cahto Indian Tribe of the Laytonville Rancheria	118,318.37
Cahuilla Band of Mission Indians	118,318.37
California Valley Miwok Tribe	118,318.37
Cedarville Rancheria	118,318.37
Chemehuevi Indian Tribe	118,318.37
Cher-Ae Heights Indian Community	118,318.37
Chicken Ranch Rancheria	118,318.37
Cloverdale Rancheria	118,318.37
Cold Springs Rancheria	118,318.37
Colorado River Indian Tribes	118,318.37
Cortina Rancheria	118,318.37
Death Valley Timbi-Sha Shoshone Tribe	118,318.37
Elem Indian Colony	118,318.37
Elk Valley Rancheria	118,318.37
Enterprise Rancheria	118,318.37
Ewiiapaayp Band of Kumeyaay Indians	118,318.37
Federated Indians of Graton Rancheria	118,318.37
Fort Bidwell Indian Community	118,318.37
Fort Independence Reservation	118,318.37
Fort Mojave Indian Tribe	118,318.37
Greenville Rancheria	118,318.37
Grindstone Rancheria	118,318.37
Guidiville Rancheria	118,318.37
Hoopa Valley Tribe	118,318.37
Inaja-Cosmit Mission Indians	118,318.37

**Exhibit 1 (Continued)****Non-Compact Tribes Eligible to Receive a Distribution from the IGRSTF (Based on the Commission's Methodology) and the Amount of Funds Recommended for Distribution**

<b>Non-Compact Indian Tribe</b>	<b>Amount of Funds Recommended to be Distributed</b>
Ione Band of Miwok Indians	118,318.37
Jamul Indian Village	118,318.37
Karuk Tribe of California	118,318.37
La Jolla Band of Mission Indians	118,318.37
La Posta Band of Mission Indians	118,318.37
Lone Pine Reservation	118,318.37
Los Coyotes Band of Cahuilla Indians	118,318.37
Lower Lake Rancheria	118,318.37
Lytton Rancheria	118,318.37
Manchester Point Arena Rancheria	118,318.37
Manzanita Mission Indians	118,318.37
Mechoopda Indian Tribe	118,318.37
Mesa Grande Mission Indians	118,318.37
Northfork Rancheria	118,318.37
Paiute Bishop Community	118,318.37
Pinoleville Rancheria	118,318.37
Pit River Tribe	118,318.37
Potter Valley Rancheria	118,318.37
Quartz Valley Indian Community	118,318.37
Quechan Tribe of Fort Yuma	118,318.37
Ramona Mission Indians	118,318.37
Redwood Valley Rancheria	118,318.37
Resighini Rancheria	118,318.37
Round Valley Indian Tribe	118,318.37
Santa Rosa Band of Cahuilla Mission Indians	118,318.37
Santa Ysabel Mission Indians	118,318.37
Scotts Valley Band of Pomo Indians	118,318.37
Sherwood Valley Pomo Indians	118,318.37
Shingle Springs Rancheria	118,318.37
Smith River Rancheria	118,318.37
Stewarts Point Rancheria	118,318.37
Susanville Indian Rancheria	118,318.37
Table Bluff Reservation	118,318.37
Torrez-Martinez Mission Indians	118,318.37

<b>Exhibit 1 (Continued)</b>	
<b>Non-Compact Tribes Eligible to Receive a Distribution from the IGRSTF (Based on the Commission's Methodology) and the Amount of Funds Recommended for Distribution</b>	
<b>Non-Compact Indian Tribe</b>	<b>Amount of Funds Recommended to be Distributed</b>
Upper Lake Band of Pomo Indians	118,318.37
Washoe Tribe of Nevada & California	118,318.37
Yurok Tribe of the Yurok Reservation	118,318.37
<b>Total</b>	<b>\$8,282,285.90<sup>1</sup></b>

Footnotes:

1. The total amount of distribution to each tribe is subject to audit and verification by the Commission. Future distributions may be adjusted for any overpayments or underpayments that may have been made. If a tribe is subsequently determined to be a "Compact Tribe" by definition of the Compact, and is therefore not eligible for future distributions, any overpayments that may be made are subject to refund by a tribe(s) to the Commission. The above distributions are being recommended for distribution on a conditional basis and are subject to verification of eligibility. Distributions will only be made after receipt of a Tribal-State Compact Gaming Device Certification Form (CGCC-C2003.03) that indicates eligibility in accordance with the terms of the Compact.

## EXHIBIT 2

### CALIFORNIA GAMBLING CONTROL COMMISSION 0366 - INDIAN GAMING REVENUE SHARING TRUST FUND FUND CONDITION STATEMENT

For the nine months ended March 31, 2004

Cash Basis

BEGINNING BALANCE	\$	7,964,705.55
REVENUES AND TRANSFERS		
Revenues:		
150300 Income from surplus money investments		126,493.87
216900 License fees held in trust		22, 892, 394.47
Transfer from the Indian Gaming Special Distribution Fund to IGRSTF for shortfall per Assembly Bill No. 673 (Chapter 210, Statutes 2003) and Government Code Section 12012.90		<u>50,568,787.99</u>
Totals, Revenues	\$	<u>73,587,676.33</u>
Totals, Resources	\$	81,552,381.88
EXPENDITURES		
Disbursements:		
Distribution		20,854,543.22
Distribution of previously approved funds and interest held on behalf of a tribe pending resolution of tribal leadership <sup>1</sup>		1,511,758.10
Fiscal Year 2002-03 shortfall distribution per Assembly Bill No. 673 (Chapter 210, Statutes 2003) and Government Code Section 12012.90		<u>48,877,107.89</u>
Totals, Expenditures	\$	<u><u>71,243,409.21</u></u>
FUND BALANCE, prior to distribution	\$	10,308,972.67
Disbursements, pending distribution		8,282,285.90
Assembly Bill No. 673 (Chapter 210, Statutes of 2003) and Government Code section 12012.90 reserve pending audit resolution		325,358.48
Previously approved funds and interest held on behalf of 1 tribe for future issuance pending resolution of tribal leadership <sup>2</sup>		<u>1,701,327.60</u>
FUND BALANCE, after distribution	\$	<u><u>0.69</u></u>

#### Footnotes:

1. Previously held for Pinoleville Rancheria. Includes \$683,160.81 from fiscal year 2002-03 shortfall distribution per Assembly Bill No. 673 and Government Code 12012.90.
2. Held for Buena Vista Rancheria. Includes \$683,160.81 from fiscal year 2002-03 shortfall distribution per Assembly Bill No. 673 and Government Code 12012.90.

**Exhibit 3****Amount of Revenue from Each Compact Tribe Received by the Commission Through March 31, 2004 for the Fiscal Year Ending June 30, 2004**

<b>Compact Tribe</b>	<b>Revenue Received Fiscal Year to Date</b>	<b>Revenue Received Inception to Date</b>
Agua Caliente Band of Cahuilla Indians	\$411,862.50	\$3,049,418.75
Alturas Indian Rancheria	187,500.00	187,500.00
Augustine Band of Mission Indians	0.00	437,500.00
Barona Band of Mission Indians	552,262.50	2,670,025.27
Bear River Band of the Rohnerville Rancheria	0.00	0.00
Berry Creek Rancheria	180,000.00	617,500.00
Big Sandy Rancheria	0.00	0.00 <sup>2</sup>
Big Valley Rancheria	0.00	500,000.00
Blue Lake Rancheria	437,500.00	437,500.00
Buena Vista Rancheria	0.00	0.00 <sup>2</sup>
Cabazon Band of Mission Indians	412,854.55	2,008,629.55
Cahto Indian Tribe of the Laytonville Rancheria	0.00	0.00
Cahuilla Band of Mission Indians	0.00	125,000.00
Campo Band of Diegueno Mission Indians	0.00	500,000.00
Chemehuevi Indian Tribe	0.00	0.00 <sup>2</sup>
Cher-Ae Heights Indian Community	0.00	0.00
Chicken Ranch Rancheria	0.00	0.00
Colusa Rancheria	0.00	312,500.00
Dry Creek Rancheria	667,500.00	4,840,746.58
Elem Indian Colony	0.00	0.00
Elk Valley Rancheria	0.00	0.00
Ewiiapaayp Band of Kumeyaay Indians	678,061.19	2,437,433.22
Hoopla Valley Tribe	0.00	0.00
Hopland Band of Pomo Indians	0.00	1,156,250.00
Jackson Rancheria	477,814.72	1,809,064.72
Jamul Indian Village	0.00	0.00
La Jolla Band of Luiseno Indians	0.00	0.00
Manchester Point Arena Rancheria	0.00	0.00
Manzanita Band of Mission Indians	0.00	0.00
Middletown Rancheria	0.00	187,500.00
Mooretown Rancheria	0.00	625,000.00
Morongo Band of Mission Indians	0.00	497,300.00
Paiute Bishop Tribe	0.00	0.00
Pala Band of Mission Indians	2,306,250.00	11,918,784.25
Paskenta Band of Nomlaki Indians	31,250.00	437,500.00

**Exhibit 3 (Continued)****Amount of Revenue from Each Compact Tribe Received by the Commission Through March 31, 2004 for the Fiscal Year Ending June 30, 2004**

<b>Compact Tribe</b>	<b>Revenue Received Fiscal Year to Date</b>	<b>Revenue Received Inception to Date</b>
Pauma/Yuima Band of Mission Indians	250,000.00	875,000.00
Pechanga Band of Mission Indians	142,650.00	1,034,505.62
Picayune Rancheria	1,653,750.00	5,990,219.18
Pit River Tribe	0.00	0.00
Quechan Indian Nation	0.00	0.00
Redding Rancheria	250,000.00	687,500.00
Resighini Rancheria	0.00	0.00
Rincon Band of Mission Indians	83,871.58	5,174,496.58
Robinson Rancheria	0.00	275,000.00
Rumsey Rancheria	1,556,761.92	3,239,261.92
San Manuel Band of Mission Indians	673,650.00	3,256,897.81
San Pasqual Band of Diegueno Indians	855,000.00	4,418,671.23
Santa Rosa Indian Community	1,908,225.00	9,861,776.51
Santa Ynez Band	1,315,500.00	5,098,914.04
Sherwood Valley Rancheria	0.00	0.00
Shingle Springs Rancheria	426,250.00	1,238,750.00
Smith River Rancheria	0.00	0.00
Soboba Band of Mission Indians	648,787.50	2,561,155.59
Susanville Indian Rancheria	0.00	0.00
Sycuan Band of Mission Indians	2,339,850.00	8,484,360.21
Table Mountain Rancheria	294,607.53	4,532,045.03
Tule River Reservation	0.00	1,365,000.00
Tuolumne Rancheria	425,000.00	737,500.00
Twenty-Nine Palms Band of Mission Indians	1,033,875.00	5,343,103.77
United Auburn Indian Community	2,668,100.00	4,668,002.33
Viejas Band of Mission Indians	23,660.48	2,141,335.48
<b>Totals</b>	<b>22,892,394.47</b>	<b>105,738,647.64</b>
Interest	126,493.87	3,427,417.74
<b>Grand Totals</b>	<b>\$23,018,888.34 <sup>1</sup></b>	<b>\$109,166,065.38</b>

## Footnotes:

1. See Exhibit 2 for a copy of a fund condition statement for the Fund for the quarter ended March 31, 2004, which is the most recent quarter-end for which a distribution has been recommended for payment.
2. Prepayment receipts were returned to payor tribes for the return of unused putative gaming device licenses issued by Sides Accountancy Corporation. Licenses in equal number were issued by the Commission on September 5, 2002 resulting in \$2,137,500 in prepayment fees to the Fund.